HealthLine

April 2005



A Publication of the Department of Personnel & Administration

NEW MEDICAL & DENTAL RATES AND PLANS

Effective July 1, 2005

Open Enrollment

Note: You will NOT be sent a summary of your current benefits before open enrollment. You will see your current selections when making your FY06 selections in the online enrollment system.

Detailed instructions on accessing the online enrollment system can be found in these pages. Please access the system through the benefits website www.colorado.gov/dpa/dhr/benefits.

New this year, we have instituted a call center to handle technical questions related to navigating the online enrollment system.

Call Center Number: 1.800.436.1980 (for technical questions about the online system, not benefit plan questions)

Questions about the benefit plans themselves should still be directed to the company, your department's benefits staff, or the Employee Benefits Unit (303.866.3434 / 1.800.719.3434 or at benefits@state.co.us).

Because of the large volume expected we have slightly staggered the dates. This will make the enrollment process smoother. *All employees must participate, even if only to update their beneficiaries of State-paid basic life insurance.*

• Group 1 - Monday, April 18 - Wednesday, May 18

- Higher Education, including Arts Council, Historical Society and Colorado Access Network (Student Loan), as well as community colleges and four-year colleges (org/IDs: GAA GZA)
- Legislative, including the Office of the State Auditor (org/IDs: MAH - MEA)

These groups start first as many of these employees will be unavailable by the second week in May (Many in higher education leave for summer break; the legislative session ends May 11).

• Group 2 - Wednesday, April 20 - Wednesday, May 18

- Org IDs: AAA FAA
 - Dept. of Personnel & Administration
 - Dept. of Agriculture
 - Dept. of Corrections
 - Dept. of Education
 - Colorado School for the Deaf & Blind
 - Governor's Office
 - Lieutenant Governor's Office

- OSPB
- Governor's Office of Business Development
- Governor's Office of Energy Conservation
- Governor's Office of Innovation and Technology
- Dept. of Public Health & Environment

See MEDICAL & DENTAL RATES on page 2

SPECIAL NOTE TO CU STATE CLASSIFIED STAFF

University of Colorado State Classified staff should refer to the University's open enrollment communications & processes.

MEDICAL	TOTAL PLAN RATES	STATE CONTRIBUTION	SUBTOTAL EMPLOYEE COST	STATE Admin Fee	TOTAL EMPLOYEE COST
Great-West Healt	hcare Net	work			·
INO-30					
Employee	\$386.40	\$190.20	\$196.20	\$2.60	\$198.80
Employee + Spouse	\$813.20	\$333.96	\$479.24	\$2.60	\$481.84
Employee + Child(ren)	\$735.60	\$322.32	\$413.28	\$2.60	\$415.88
Ee + Sp + Child(ren)	\$1,123.59	\$460.27	\$663.32	\$2.60	\$665.92
INO-40					
Employee	\$369.06	\$190.20	\$178.86	\$2.60	\$181.46
Employee + Spouse	\$779.72	\$333.96	\$445.76	\$2.60	\$448.36
Employee + Child(ren)	\$705.06	\$322.32	\$382.74	\$2.60	\$385.34
Ee + Sp + Child(ren)	\$1,078.37	\$460.27	\$618.10	\$2.60	\$620.70
РРО-Н	ļ]]			
Employee	\$246.90	\$190.20	\$56.70	\$2.60	\$59.30
Employee + Spouse	\$520.24	\$333.96	\$186.28	\$2.60	\$188.88
Employee + Child(ren)	\$470.54	\$322.32	\$148.22	\$2.60	\$150.82
Ee + Sp + Child(ren)	\$719.05	\$460.27	\$258.78	\$2.60	\$261.38
PPO-1500					
Employee	\$237.14	\$190.20	\$46.94	\$2.60	\$49.54
Employee + Spouse	\$499.78	\$333.96	\$165.82	\$2.60	\$168.42
Employee + Child(ren)	\$452.02	\$322.32	\$129.70	\$2.60	\$132.30
Ee + Sp + Child(ren)	\$690.77	\$460.27	\$230.50	\$2.60	\$233.10
PPO-3500					
Employee	\$202.14	\$190.20	\$11.94	\$2.60	\$14.54
Employee + Spouse	\$426.28	\$333.96	\$92.32	\$2.60	\$94.92
Employee + Child(ren)	\$385.52	\$322.32	\$63.20	\$2.60	\$65.80
Ee + Sp + Child(ren)	\$589.27	\$460.27	\$129.00	\$2.60	\$131.60
Kaiser HMO					
Employee	\$293.00	\$190.20	\$102.80	\$2.60	\$105.40
Employee + Spouse	\$614.00	\$333.96	\$280.04	\$2.60	\$282.64
Employee + Child(ren)	\$556.00	\$322.32	\$233.68	\$2.60	\$236.28
Ee + Sp + Child(ren)	\$847.99	\$460.27	\$387.72	\$2.60	\$390.32
San Luis Valley H					
	\$299.94	\$100.20	¢100.74	\$2.60	6112.24
Employee Spouse	,	\$190.20	\$109.74	\$2.60	\$112.34
Employee + Spouse Employee + Child(ren)	\$628.76 \$568.96	\$333.96 \$322.32	\$294.80 \$246.64	\$2.60 \$2.60	\$297.40 \$249.24
Ee + Sp + Child(ren)	\$867.89	\$460.27	\$407.62	\$2.60	\$410.22
Lo + op + ominu(ren)	ψυυ1.03	ψ+00.27	ψτυ1.02	Ψ2.00	Q+10.22

Information reflects the current, as of March 31, 2005, State funding level recommended by the Joint Budget Committee, which is subject to approval by the State legislature. Should these employer contribution amounts not be approved, resulting in different levels of monthly employee contributions, the State contribution will be adjusted accordingly amongst the four coverage levels. If adjusted contributions become necessary, a revised chart will be made available on our website www.colorado.gov/dpa/dhr and sent to your department's benefits, payroll, and HR staff. Please watch for communication from us or from your department for updates.

• Group 3 - Thursday, April 21 - Thursday, May 19

- Org IDs: HAA, JAA LAA, NAA PAA
 - Dept. of Transportation
 - Judicial Department
 - Public Defender's Office
 - Dept. of Labor & Employment
 - Dept. of Law
 - Dept. of Local Affairs
 - Dept. of Military and Veterans Affairs
 - Dept. of Natural Resources

• Group 4 - Friday, April 22 - Friday, May 20

- Org IDs: IHA ILG, RAA WAA
 - Dept. of Human Services
 - Dept. of Public Safety
 - Dept. of Regulatory Agencies
 - Dept. of Revenue
 - Dept. of Health Care Policy & Finance
 - Office of the Secretary of State
 - Dept. of the Treasury

Open enrollment for the FY06 plan year, July 1, 2005 through June 30, 2006, will soon be upon us. There are many changes this time around. As you look at the costs you should also review the details of the new plans and the changes to the existing ones.

The tables on pages 1 and 2 show the monthly premiums for the medical and dental plans for FY06. For the first time the health, life and dental cycles will coincide with the State's fiscal year, which aligns better with the State's budget process and other elements of total compensation.

This coming plan year marks not only the beginning of the fiscal year cycle, but also the start of self-funding with a new vendor, Great-West Healthcare. Also new for FY06 are four (4) levels, also called tiers, of coverage for medical and dental: Employee Only, Employee plus Child(ren), Employee plus Spouse, and Employee plus Spouse and Child(ren).

In this issue you will find descriptions of the self-funded plans administered by Great-West, along with what's new for the Kaiser, San Luis Valley HMO, and Delta Dental plans. Additionally, you can find information about life insurance, disability insurance, and the State's supplemental retirement plan. We encourage you to visit the benefits website, www.colorado.gov/dpa/dhr/benefits, beginning the week of April 11, where you can find even more details about the plans to assist you with your choices.

Please remember that the current short plan year, January 1, 2005 through June 30, 2005, was an oddity. It was a six-month plan year allowing us to transition to the new fiscal year cycle. During this transition many employees saw their monthly premiums for medical insurance increase only slightly, or actually decrease, from the 2004 rates because these insured rates were only for six months, and the State's contribution to medical and dental coverage increased significantly January 1, 2005. Nationally, healthcare costs have continued to rise faster than almost all other consumer costs, with double-digit increases the norm.

The rates you see on page one may not compare as favorably to the six-month plan year, but comparing the two is comparing apples to oranges. A more favorable comparison would place the FY06 rates against the last 12-month plan year, January through December 2004. For example, the employee costs for Employee plus Spouse and Child(ren) coverage for all of the new PPO plans administered by Great-West, which are good through June 30, 2006, are all lower than the 2004 employee costs for a family under the 2004 Anthem PPO, which was \$294.30.

You will also notice that while the employee costs for Kaiser and San Luis Valley HMO have increased over the short plan year costs, there are some definite improvements in the plans that may lower your out-of-pocket expenses if enrolled in either of these plans. Take the time to review these changes.

DENTAL	TOTAL PLAN RATES	STATE CONTRIBUTION	SUBTOTAL EMPLOYEE COST	STATE Admin Fee	TOTAL Employee Cost			
Delta Dental Basic								
Employee	\$19.62	\$14.90	\$4.72	\$0.20	\$4.92			
Employee + Spouse	\$41.44	\$18.38	\$23.06	\$0.20	\$23.26			
Employee + Child(ren)	\$43.42	\$19.78	\$23.64	\$0.20	\$23.84			
Ee + Sp + Child(ren)	\$73.18	\$23.12	\$50.06	\$0.20	\$50.26			
Delta Dental Basic Plus								
Employee	\$29.84	\$14.90	\$14.94	\$0.20	\$15.14			
Employee + Spouse	\$65.88	\$18.38	\$47.50	\$0.20	\$47.70			
Employee + Child(ren)	\$65.88	\$19.78	\$46.10	\$0.20	\$46.30			
Ee + Sp + Child(ren)	\$116.94	\$23.12	\$93.82	\$0.20	\$94.02			
Dental Direct Reimbursement								
Employee	\$26.56	\$14.90	\$11.66	\$0.20	\$11.86			
Employee + Spouse	\$56.02	\$18.38	\$37.64	\$0.20	\$37.84			
Employee + Child(ren)	\$56.02	\$19.78	\$36.24	\$0.20	\$36.44			
Ee + Sp + Child(ren)	\$101.52	\$23.12	\$78.40	\$0.20	\$78.60			

Information reflects the current, as of March 31, 2005, State funding level recommended by the Joint Budget Committee, which is subject to approval by the State legislature. Should these employer contribution amounts not be approved, resulting in different levels of monthly employee contributions, the State contribution will be adjusted accordingly amongst the four coverage levels. If adjusted contributions become necessary, a revised chart will be made available on our website www.colorado.gov/dpa/dhr and sent to your department's benefits, payroll, and HR staff. Please watch for communication from us or from your department for updates.

BENEFIT INFORMATION FOR FY06

The following information about the various plans is just the highlights. It does not represent all aspects of coverage. For greater detail you can look at the description forms or summary plan documents (also called certificates of coverage) for the plans on our website www.colorado.gov/dpa/dhr/benefits.

As you read through this, you may find it helpful to refer to the "Terms to Know" in the March 2005 HealthLine.

PLAN YEAR / PERIOD OF COVERAGE

• The plan year or period of coverage is July 1, 2005, to June 30 2006, or Fiscal Year 2005-2006 (FY06).

IRREVOCABLE ELECTIONS - IMPORTANT REMINDER

- Having premiums deducted pre-tax (medical, dental, flexible spending accounts) are choices that cannot be changed once open enrollment has ended, except in very narrow situations, as set forth in the State of Colorado Salary Reduction Plan Document and in accordance with Internal Revenue Code §125 regulations.
- Employee error and financial hardship are not considered qualified reasons to change under these regulations.
- A change of contribution (e.g., if recommended increase is not approved by the General Assembly) will not be considered a qualified change event.
- Please see Irrevocability Rules on Employee Benefits website, www.colorado.gov/dpa/dhr/benefits.

FOUR LEVELS OF COVERAGE NOW AVAILABLE

- Four levels, or tiers, for medical and dental coverage are now available.
- Employee Only (EE), Employee plus Child(ren) (EC), Employee plus Spouse (ES), Employee plus Spouse and Child(ren) (ESC)
- The EC and ESC tiers accommodate one child or multiple children.

MEDICAL

Kaiser HMO (303.338.3700)

- Still offered in current geographic areas (Metro Denver including Boulder, parts of the Colorado Springs area). To see the counties where Kaiser coverage is offered, please go to our website www.colorado.gov/dpa/dhr/benefits.
- The out-of-pocket maximum has decreased from \$3000 for an individual and \$6000 for a family to \$1000 for an individual and \$3000 for a family in FY06.
- In-patient hospitalization co-payment has decreased from \$1000 to \$750.
- For FY06, prescription costs co-pays have decreased to \$10 for generic and \$30 for brand names, both for a 30-day supply. A 90-day supply is available via mail order for two co-payments. Currently co-pays are \$15 and \$40.
- Kaiser follows a business model whereby they operate in areas that are
 cost effective for their business. The business decision on where to offer
 its coverage belongs to Kaiser Permanente; DPA and the Employee
 Benefits Unit have no control over where Kaiser chooses to do business
 in Colorado.

San Luis Valley HMO (1.800.475.8466)

- Still offered in the current counties: Alamosa, Conejos, Costilla, Mineral, Rio Grande, Saguache.
- Prescriptions are subject to a \$100 fiscal year deductible. This means
 that the prescription deductible must be met before the insurance pro-

vides coverage for drugs.

- For FY06, prescription costs co-pays have decreased to \$10 for formulary generic, \$25 for formulary brand name and \$50 for non-formulary generic, all for the lesser of a 30-day supply or 100 unit dose. A 90-day supply is available mail order for two co-payments. Current co-pays are \$15, \$40, and \$60. Remember the FY06 co-pays are after the \$100 deductible.
- FY06 out-of-pocket maximums for an individual will be \$1000 and \$3000 for a family. The current out-of-pocket maximum is twice the annual premium paid by a member.
- Co-pays for labs and x-rays are now \$20 + 10% if not part of an office visit;
 co-pays for MRI/MRA/CT/PET scans are now \$75 + 20% per procedure.
- Lifetime benefit maximum is now \$2,000,000. Organ transplants have a separate lifetime maximum of \$1,000,000.
- · Hearing aids are no longer a covered benefit.
- Co-pays for durable medical equipment have decreased from 50% to 20%.
- San Luis Valley HMO (SLVHMO) serves a small region in Colorado, the San Luis Valley in the southern part of the state. This region has many challenges in healthcare including a lack of doctors, specialists and hospitals. SLVHMO has built up relationships with the providers in the region, as well as many of the specialists and specialty departments along the Front Range that San Luis doctors must refer their patients to. SLVHMO looks to ease both the lack of rural providers and the corresponding need for referrals for their participants. Again, like Kaiser, the decision of where to offer coverage is a business decision that belongs to SLVHMO.

Great-West Healthcare (1.888.ST8.OFCO / 1.888.788.6326)

- State's five (5) self-funded plans are available statewide.
- Services and prescription drugs covered are the same among all five plans; difference between each plan is the premiums and out-of-pocket costs for the employee.
- All plans will use the Great-West Healthcare PPO network of providers (doctors, hospitals and other health care providers). You can view this network at www.mygreatwest.com (click on the "Guests" tab and then the "Find a Provider" tab). Be sure to choose "PPO" when prompted.
- The PPO Plans are preferred provider organization plans that offer BOTH in-network coverage and out-of-network coverage.
- The INO Plans offer in-network coverage only and NO out-of-network coverage, except in cases of life and limb threatening emergencies.
- Great-West is improving network access in certain areas of the State
 where the employees have been historically underserved regarding
 access to care in a provider network. Great-West continues to contract
 with more doctors, hospitals and other providers every day. If necessary, Great-West may even temporarily "borrow" providers from other
 networks for areas of the State where they are still expanding their network.
- A list of these supplemental providers will be posted on the Benefits website www.colorado.gov/dpa/dhr/benefits during open enrollment.
- Great-West will use their pharmacy benefit manager (PBM), ExpressScripts, to process prescriptions for all five of the plans. Employees will use a single ID card for medical and prescription benefits.
- All plans except the PPO-H have a \$100 prescription fiscal year deductible that applies to each individual covered (employee, spouse, all dependents). This means that the prescription deductible must be met

before the insurance provides coverage for drugs. Because the PPO-H is an HSA-qualified High Deductible Health Plan, the federal requirements do not allow for a separate prescription deductible.

PPO Plans - These three (3) preferred provider organization plans offer BOTH in-network and out-of-network coverage.

1) PPO-1500 - A preferred provider organization plan

In-network

- Individual in-network deductible of \$1500, and a family deductible of \$3000.
- After the in-network deducible is met, the insurance provides innetwork coverage of 80-20, meaning that the insurance pays 80% and the employee pays 20%.
- In-network maximum out-of-pocket expenses are \$7000 for an individual, \$14,000 for a family, after which the insurance pays 100% of covered expenses.
- Prescription coverage RETAIL \$10 generic, \$25 formulary, \$50 non-formulary; all for 30-day supply, all after \$100 prescription deductible has been met.
- Prescription coverage MAIL ORDER \$20 generic, \$50 formulary, \$100 non-formulary; all for 90-day supply, all after \$100 prescription deductible has been met.
- The costs of prescriptions ARE NOT applied to the deductible and out-of-pocket maximum expenses, and are "carved out" of these calculations. This means prescriptions are subject to the separate \$100 deductible for each individual. It can be thought of as a separate "plan" attached to the medical plan.

Out-of-network

- Out-of-network deductibles are \$3000 for an individual and \$6000 for a family.
- The out-of-network coverage once the deductible is met is 60-40, meaning the insurance pays 60% and the employee pays 40%.
- Maximum out-of-network out-of-pocket expenses are \$14,000 for an individual and \$28,000 for a family.

2) PPO-3500 - A preferred provider organization plan

In-network

- Individual in-network deductible of \$3500, and a family deductible of \$7000.
- After the in-network deducible is met, the insurance provides innetwork coverage of 70-30, meaning that the insurance pays 70% and the employee pays 30%.
- The in-network maximum out-of-pocket expenses are \$7500 for an individual and \$15,000 for a family, after which the insurance pays 100% of covered expenses.
- Prescription coverage RETAIL \$10 generic, \$25 formulary, \$50 non-formulary; all for 30-day supply, all after \$100 prescription deductible has been met.
- Prescription coverage MAIL ORDER \$20 generic, \$50 formulary, \$100 non-formulary; all for 90-day supply, all after \$100 prescription deductible has been met.
- The costs of prescriptions ARE NOT applied to the deductible and out-of-pocket maximum expenses, and are "carved out" of these calculations. This means prescriptions are subject to the separate \$100 deductible for each individual. It can be thought of as a separate "plan" attached to the medical plan.

Out-of-network

- Out-of-network deductibles are \$7000 for an individual, and \$14,000 for a family.
- Out-of-network coverage once the deductible is met is 50-50, meaning that the insurance pays 50% and the employee pays 50%.
- Maximum out-of-network out-of-pocket expenses are \$15,000 for an individual and \$30,000 for a family.
- 3) PPO-H An HSA-qualified preferred provider organization plan (more information on HSAs, or Health Savings Accounts, can be found in this issue).
 - If an employee wishes to participate in an HSA, and also wants medical coverage from the State, he or she must choose this plan. The federal rules governing HSAs stipulate that participation in an HSA must be in conjunction with an HSA-qualified health insurance plan (sometimes called a high deductible health plan).
 - $\bullet\,$ The PPO-H is the ONLY HSA-qualified plan the State is offering.
 - Prescriptions are subject to the deductible and co-insurance, meaning that the deductible (\$1000 or \$2000 - see below for more information on deductibles) must be met before the insurance provides coverage for prescriptions.
 - Preventive medical care is not subject to the deductible, which
 means the insurance provides coverage before the deductible is met.
 - Employees may also choose this plan without participating in an HSA.

In-network

- In-network deductible of \$1000 for Employee only coverage.
- In-network deductible of \$2000 for Employee and any number of dependents, e.g. Employee plus Spouse, Employee plus Child(ren), or Employee plus Spouse and Child(ren).
- Except for preventive care, the deductible must be met before benefits begin.
- After the deductible is met (which includes prescription drugs) the insurance provides in-network coverage at 85-15, meaning the insurance pays 85% and the employee pays 15%.
- Maximum in-network out-of-pocket expenses are \$5000 for Employee only coverage and \$10,000 for coverage for an Employee and any number of dependents, after which the insurance pays 100% for covered services.

Out-of-network

- Out-of-network deductibles are \$2000 for Employee only coverage and \$4000 for Employee and any number of dependents.
- Out-of-network coverage once the deductible is met is 65-35, meaning the insurance pays 65% and the employee pays 35%.
- Maximum out-of-network out-of-pocket expenses are \$10,000 for Employee only coverage and \$20,000 for coverage for an Employee and any number of dependents.

The INO Plans - Provide <u>IN-NETWORK ONLY</u> coverage.

- The only time out-of-network coverage is provided is for life and limb threatening emergencies.
- If retaining the same doctor is important to you, first go to www.mygreatwest.com and determine if your doctor is part of the Great-West PPO network. You should also check the supple- mental providers listed on the State's website www.colorado.gov/dpa/dhr/benefits (available during open

enrollment). If the doctor is not part of either network, and keeping this doctor is very important to you, the INO plans may not be right for you and you may want to strongly consider the PPO options since they offer out-of-network coverage.

- 4) INO-30 This plan uses in-network providers only.
 - Co-pays for routine office visits and labs are \$30.
 - Co-pays for specialists are \$50.
 - Prescription coverage RETAIL \$10 generic, \$25 formulary, \$50 non-formulary; all for 30-day supply, all after \$100 prescription deductible has been met.
 - Prescription coverage MAIL ORDER \$20 generic, \$50 formulary, \$100 non-formulary; all for 90-day supply, all after \$100 prescription deductible for each individual covered has been met.
 - The out-of-pocket maximum is \$1000 for an individual, \$3000 for a family. This does not include co-pays.
- **5) INO-40 -** This plan uses in-network providers only.
 - Co-pays for routine office visits are \$40.
 - Co-pays for specialists are \$65.
 - Prescription coverage RETAIL \$10 generic, \$25 formulary, \$50 non-formulary; all for 30-day supply, all after \$100 prescription deductible has been met.
 - Prescription coverage MAIL ORDER \$20 generic, \$50 formulary, \$100 non-formulary; all for 90-day supply, all after \$100 prescription deductible for each individual covered has been met.
 - The out-of-pocket maximum is \$2000 for an individual, \$6000 for a family. This does not include co-pays.

DENTAL

- $\bullet\,$ Delta Dental is still the carrier. (1.800.489.7168)
- The State-paid Employee Only, Basic coverage was eliminated because many people enrolled in free dental were not using the benefit. A modest employee contribution was added to this previously free coverage.
- 3 plans now offered.
 - Basic Coverage remains the same, except deductible returns to full year amount of \$50 per person, from its current \$25, and a maximum of \$150 per family.
 - Maximum annual benefit is \$850.
 - 2) **Basic Plus** Coverage remains the same, except deductible returns to full year amount of \$50 per person, from its current \$25, and a maximum of \$150 per family.
 - Maximum annual benefit is \$1200.
 - 3) Direct Reimbursement a new option in FY06 for dental coverage.
 - No network is involved. Choose any dentist.
 - No in-network provider discounts, but few limits on services (no orthodontia or cosmetic procedures).
 - Can make own decisions about the frequency and nature of care.
 - Pay full price when visiting the dentist. Discounts, if any, are between the patient and dentist.
 - Employees file claims and are reimbursed by Delta Dental as the plan's administrator.
 - Maximum annual benefit will be \$850.

LIFE INSURANCE

- Standard Insurance is still the carrier.
- No changes in rates. Please see rate sheet on benefits website www.colorado.gov/dpa/dhr/benefits.
- All life insurance beneficiaries MUST be updated during this open enrollment, for both the State-paid basic life insurance of \$33,000, as well as for any employee optional life coverage. This can be done in the online enrollment system, but may also be done with a paper form that can be downloaded from our website, www.colorado.gov/dpa/dhr/benefits (under "Forms") and turned in to your department's benefits personnel. Please note that the rules regarding beneficiaries changed in 2004 (see below for these rules).
 - Beneficiaries for the State-paid basic life and the employee optional life coverage must be the same, although different percentages can be designated.
 - Multiple primary and secondary beneficiaries may also be designated, but please remember the secondary beneficiary becomes the beneficiary if the primary has preceded the employee in death.
 - The employee is always the beneficiary for spouse or dependent child coverage.
- Basic Life still at \$33,000 State paid; no need to enroll, but beneficiary MUST be updated this open enrollment.
- The State calculates its optional life insurance premiums based on the insured's age on January 1st of the year. In moving benefits to a fiscal year cycle (July 1 June 30), this could result in increased premiums in January 2006 for some people.
 - On January 1, 2006, if insured's age has changed AND he or she has moved up in age bands (20-24, 25-29, 30-34, etc.), the life insurance premium will increase in January accordingly.
 - Employees should remember this as they consider or review their life insurance elections for themselves and their spouses.
- The State and its online enrollment system do not manage enrollment in and changes to life insurance offered through PERA. For questions about PERA life insurance call 1.800.759.7372 or visit www.copera.org.

LIFE INSURANCE RULES

- The spouse of an employee can have no more than 50% of the optional coverage that an employee has, in \$10,000 increments. For example, if an employee has \$70,000 of coverage, the spouse can only have \$30,000. (The State-paid, basic life insurance of \$33,000 provided to all employees is not considered in this calculation.)
- The \$5,000 and \$10,000 amounts for dependent children are also subject to the 50% rule. An employee must have \$10,000, \$20,000, or more in optional coverage to provide the \$5,000 or \$10,000 coverage, respectively. For example, an employee who has \$10,000 in optional coverage can enroll for \$5,000 of coverage for a child, but not \$10,000.
- Employees who fell outside of the 50% rule prior to 2003 were allowed to keep those coverage amounts, being "grandfathered," provided they made no changes up or down to those pre-2003 amounts for themselves or their families. Changes or new enrollments require that a grandfathered employee adhere to the 2003 rules. This has been and will continue to be the rule in subsequent open enrollments.
- "Guarantee Issue" at open enrollment is not available (this has been true since the Fall 2002 open enrollment). Guarantee Issue means you apply for an amount of life insurance coverage and are guaranteed that amount without proof of insurability, such as a medical history statement. Guarantee Issue is now only available when first hired, adding a new spouse, adding a new child, or a spouse dies, in amounts up to

- \$60,000 for an employee, \$30,000 for a spouse and \$5000 or \$10,000 for a dependent child.
- New applications for optional life insurance for the employee or spouse are subject to review by Standard Insurance and require proof of insurability (medical history statements).
- Medical History Statements (also called Evidence of Insurability EOIs) These forms must be filled out when applying for new coverage or increasing coverage during open enrollment. Standard Insurance uses these to determine if coverage will be approved or not. If you are applying or increasing coverage during open enrollment, a medical history statement will be sent with your enrollment confirmation. These must be returned to Standard Insurance (address on the form).

LONG-TERM DISABILITY (LTD)

- Standard Insurance is still the carrier.
- No change in rates. Please see the table on the benefits website www.colorado.gov/dpa/dhr/benefits. Cost varies with age and PERA vesting status. Employees with five years of PERA service are vested. For questions about vesting status please contact PERA at 1.800.759.7372 or at www.copera.org.
- The State calculates its long-term disability (LTD) premiums based on your age on January 1st of the year. In moving benefits to a fiscal year cycle (July 1 - June 30), this could result in increased premiums in January 2006 for some people.
 - On January 1, 2006, if your age has changed AND you have moved up in age bands (20-24, 25-29, 30-34, etc.), your LTD premium will increase in January accordingly.
 - Remember this as you consider or review your LTD elections.

SHORT-TERM DISABILITY (STD)

- Standard Insurance is still the carrier.
- State paid; no need to enroll; coverage provided automatically.

FLEXIBLE SPENDING ACCOUNTS (FSAs)

- Maximum ANNUAL contribution for Health Care FSA will be \$6000 for FY06.
- Maximum ANNUAL contribution for Dependent Care FSA will be \$5000 for FY06.
- Dependent Care FSA is for the costs of someone taking care of dependents while you work, e.g., day care for kids or eldercare for aging parents living in the home. It is NOT for medical expenses for dependents.
- You must be careful to enter your ANNUAL amount for either FSA into the online system, NOT the monthly amount. The federal rules governing FSAs mandate that the annual election must be made when enrolling. Mistakes in this regard cannot be reversed.
- Any amounts in FSAs not used by the end of the plan year, June 30, 2006, are forfeited.

HEALTH SAVINGS ACCOUNTS (HSAs)

- HSAs are offered in conjunction with the PPO-H health plan, although you can select the PPO-H without participating in the HSA
- You cannot participate in an HSA if you have any other health plan coverage (as an individual or a spouse or dependent under another's coverage) in addition to the PPO-H health plan.

- The State's HSA will be offered on a post-tax basis, but contributions can be a deduction on income taxes without itemizing.
- An employee CANNOT participate in both an HSA and a Health Care Flexible Spending Account (FSA), although an HSA participant can participate in the Dependent Care FSA.
- Great-West Healthcare will administer the HSA through its relationship with Mellon Financial.
- Minimum monthly contribution is \$25 (separate from the employee's contribution for PPO-H medical insurance coverage).
- Maximum monthly contribution is 1/12 (one-twelfth) of the annual deductible of the PPO-H health plan. The annual deductible for employee only coverage is \$1000, and \$2000 for coverage of an Employee and any number of dependents, e.g., Employee plus Spouse, Employee plus Child(ren), or Employee plus Spouse and Child(ren). This means the monthly maximums will be \$83.32 for Employee only and \$166.66 for Employee and any number of dependents.
- One-time, employee-paid set up fee of \$10.00.
- Monthly, employee-paid administrative fee of \$3.50.
- All HSA fees will be deducted from the HSA itself. Total employeepaid annual fees for FY06 will be \$52.00.
- You are free to explore HSA options beyond the State's HSA, but the federal rules that stipulate that an HSA must be in conjunction with an HSA-qualified health plan (a high-deductible health plan) still apply.

DEPENDENTS

- Dependents turning 19, or full-time student dependents aged 19 to 23 who lose their full-time student status, may remain on their parent's coverage with the State until the end of the calendar year (December 31) in which they turn 19 or lose full-time status.
- This means that in the fiscal year cycle, those dependents under 24 losing eligibility will have their coverage terminate in the middle of the plan year, December 31, 2005.
- Full-time student dependents turning 24 are only eligible to remain on the parent's coverage with the State until the end of the month of their 24th birthday.
- Parents should take the necessary steps if they do not wish their children to go without coverage. Dependents losing coverage in this manner are eligible to continue coverage with the State's plans under federal COBRA regulations (for more information about COBRA see www.colorado.gov/dpa/dhr/benefits).

457 DEFERRED COMPENSATION PLAN

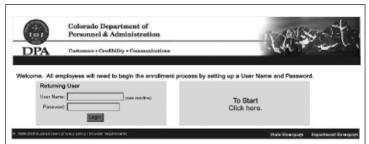
- Enrollment in the 457 Plan can be done at ANY time, not just during open enrollment. Changes can also be made at any time, either online at www.colorado457.com or by calling 1.800.838.0457.
- The 457 Plan is managed by Great-West Retirement Services. Note: This is different from Great-West Healthcare, who administers the new self-funded medical plans.
- Allows eligible employees to save and invest before-tax dollars through voluntary salary deferral.
- Contributions grow tax-deferred until the money is withdrawn at retirement or other termination of employment with the State.
- The 457 plan does not replace nor reduce PERA or higher education retirement benefits.

See BENEFIT INFORMATION on page 7

ONLINE INSTRUCTIONS

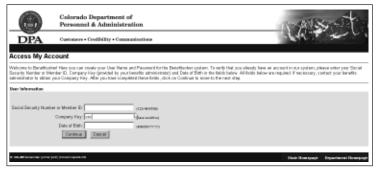
In order to access the online benefits system, please follow the instructions below. Please access the system during your department's open enrollment dates. Department specific dates are listed on page one and two of this issue. Please call **1.800.436.1980** for technical assistance with the online enrollment system.

- 1. Go to www.colorado.gov/dpa/dhr/benefits (Start Dates: Group 1 April 18, Group 2 April 20, Group 3 April 21, Group 4 April 22).
- 2. Under "HOT TOPICS" click "FY 2006 OPEN ENROLLMENT." This will take you to the enrollment login page. Everyone is considered a first-time user the first time they enter the system for this open enrollment, regardless of



whether or not they used it the last two open enrollments. If you enter the system a second time you will enter your user name and password. If you forget your password, click on "Reset My Password" to go through the password recovery process.

3. You will then be brought to the "ACCESS MY ACCOUNT" page. Type in your social security number and your date of birth. Note that the "COMPANY KEY" box already contains "soc." Type nothing more in this box, nor should you delete anything from it.



- **4.** You will then come to the electronic signature notification. Click "**ACCEPT**" if you want to move forward.
- 5. On the next page create your user name and password, and then confirm your password. Select a security phrase and complete the answer to that question (this will be used for password recovery should you ever forget your password) and click "CONTINUE". Please make a note of your user name and password as you will need these very soon and every time you wish to access the system.
- **6.** If you were successful you will be taken to a page that will say, "You were successful! You have successfully created a User Name and Password." Click on "CONTINUE TO LOGIN PAGE" to proceed.
- 7. You will be brought back to the login page. Login with the user name and password you just created.
- **8.** Once you have logged in, you will be brought to your benefits home page. Please notice the information on this page. Click on "**START ENROLLMENT**" to begin the enrollment process.



- **9.** Make your elections. Click "**NEXT**" to continue through the system, "**PREVIOUS**" to go back a page. DO NOT use your web browser's "Back " button (typically near the upper left corner) to go back to previous pages.
 - After making all of your elections, you will have the opportunity to review them.
- **10.** Remember: Your enrollment is not complete until you have confirmed all of your elections. Once your enrollment is completed you can view the exact confirmation you will be mailed by clicking on the Document Center.

Should you have any questions or difficulties with the website, please call our online technical support at **1.800.436.1980**.

BENEFIT INFORMATION from page 6

- Offers a wide variety of professionally managed investment options, ranging from conservative to aggressive in risk / return potential.
- Pre-assembled Profile Portfolios available: Conservative, Moderate, and Aggressive. These are mixes of the investment options within the Plan for ease of diversification.

PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA)

- The State does not manage PERA benefits and the online system will not address PERA benefits.
- Changes to PERA 401(k) accounts may be done through your department's payroll office. Changes to other PERA benefits such as life insurance offered through PERA, should be made directly with PERA.
- Questions about PERA (retirement benefits, vesting status, PERA's 401(k), or PERA's life insurance) should be directed to PERA at 1.800.759.7372 or www.copera.org.

ACCESS to the INTERNET

Open enrollment will again be via the online enrollment system. Enhancements have been made to the system to make it more intuitive and even easier to use. Still, if you do not have ready access to the Internet, your first hurdle is getting online.

The community colleges have graciously volunteered the use of their computer facilities for State employees to use for open enrollment. You can find a list of these colleges below. For specific addresses and times available you should contact your department's benefits staff. Be aware that some of these locations may require you to show your State ID and some charge a minimal fee for use.

Public libraries also offer access to the Internet. Your department's benefits staff has been provided with a website whereby they can identify libraries in your vicinity. Please contact them if you are not familiar with your local libraries.

You can also find access at many businesses such as restaurants, coffee shops, and copy centers. Some of these are free, while others charge for use of their computers, such as Kinko's, which typically charges \$.20 a minute.

Many departments also offer access at various sites throughout the State. Please check with your department's benefit office to find out what your department provides.

If you know that you will have problems accessing the Internet, please start to investigate your options now. That way, when open enrollment comes you'll already know how you will connect.

Community and Junior Colleges offering computer access

- Colorado Community College System Office Lowry (Denver)
- Arapahoe Community College (Littleton)
- Community College of Aurora
- Community College of Denver
- Colorado Northwestern Community College (Craig / Rangely)
- Front Range Community College (Westminster / Larimer)
- Northeastern Junior College (Sterling)
- Otero Junior College (La Junta)
- Pikes Peak Community College, Downtown / Centennial / Rampart Range (Colorado Springs)
- Pueblo Community College
- Red Rocks Community College (Lakewood)
- Trinidad State Junior College, Trinidad Campus / Small Business Development Center

www.colorado.gov/dpa/dhr or call the Benefits Hotline at:

303-866-3434 or 1 800-719-3434 or email the DPA Benefits Unit at: benefits@state.co.us

EX06 RATES AND PLANS inside

FIRST-CLASS MAIL U.S. POSTAGE PENVER, CO PERMIT NO. 2883 Department of Personnel & Administration Division of Human Resources Benefits Unit 1313 Sherman Street, Rm. 122 Denver, Colorado 80203